



COMMUNITY DEVELOPMENT DEPARTMENT

**ANALYSIS OF  
ECONOMIC IMPACTS TO  
THE CITY OF RIVERSIDE**

**PROPOSED ANNEXATION NO. 111 — UNIVERSITY CITY**

# Analysis of Economic Impacts to the City of Riverside Annexation No. 111

## **SUMMARY OF FINDINGS**

The following findings are elaborated in the body of this report:

1. The revenues to be generated by the City of Riverside in the Annexation 107 area significantly offset the anticipated ongoing costs associated with providing municipal services at a level that meets the expectations and standards of current City of Riverside residents.

Table 1 –Revenue/Cost Summary

	<b>Annual Revenue</b>
Revenues	\$228,630.25
Expenses	\$243,604.41
Annual Revenue	(\$14,974.16)

2. The City of Riverside taxes, fees, and assessments assumed by the University City residents upon annexation will be more than offset by savings in electric rates, elimination of the non-resident water surcharge, and possibly from lower fire insurance premiums. In other words, *it will be less expensive for University City residents to be part of the City of Riverside.*

## **INTRODUCTION**

Proposed Annexation No. 111 (P06-0742) proposes to add approximately 106 acres to the City of Riverside. The annexation area is bound by Central Avenue to the north, Sycamore Canyon Boulevard to the east, and the Riverside City Limits to the south and west. This report has been prepared to provide the City of Riverside City Council, affected property owners, the Riverside County Local Agency Formation Commission (LAFCO), and other interested persons with a financial review of anticipated revenues and costs associated with the annexation.

The proposed annexation lies in an area identified for possible annexation in the City of Riverside's Sphere of Influence as adopted by the Riverside County Local Agency Formation Commission (LAFCO) and has been included in the City's long-range land use plans for many years. On December 6, 2005, the Riverside City Council authorized staff to begin the steps necessary to annex this area into the City, including initiating a dialogue with the residents and property owners, identifying municipal service issues and benefits, and determining the fiscal impacts related to annexation.

Table 2 - ANNEXATION DATA\*

	<b>Current</b>
Number Of Parcels	202
Number Of Homes	171
Total Assessed Value	\$36,568,527.00
Estimated Population	534

\*The current data reflects information acquired from the County Assessor's Office and reflects recorded activity as of 5/15/2006. The current estimated population is based on U.S. Census data reflecting 3.12 residents per household in the City of Riverside.

For the purposes of this study, all assumptions reflect the lowest revenues and the highest costs.

# REVENUES

There are ten primary sources of revenue that would be generated by the City of Riverside following annexation. They are property taxes, sales taxes, property transfer taxes, revenues from the State, utility user taxes, utility general fund transfers, business license/tax, voter approved bonds, franchise fees, and City development fees. Development fees are “one time only” fees to be paid largely for costs and impacts associated with new development. Because the University City neighborhood is significantly built out, no additional development fees will be anticipated. ***Franchise fees, sales taxes, property transfer taxes, property taxes and revenues from the State are a matter of distribution and do not impact that which a resident currently pays in taxes or fees.***

## Property Taxes

The City of Riverside receives a portion of the property tax revenue assessed upon the valuation of all parcels of land within its City limits. The revenue is distinguished between General Services, Library Services, and Structural Fire Protection. This amount is reduced by a 22% “redistribution” charge that is part of the 1992 ERAF (Education Revenue Augmentation Funds) property tax shift associated with Proposition 13. The breakdown is as follows:

Table 3 – Breakdown of Property Tax Revenue

Breakdown	Rate	ERAF Adjustment	Net Rate
General Fund	.07067272	.22	.055125
Library Services	.02737127	.22	.021350
Fire Protection	.05892212	.22	.045959
Total	.15696611	.22	.122434

Property taxes (per Prop. 13) can be adjusted by the County Assessor a maximum of 2% each year or reassessed if the property is sold, significantly improved, or title is transferred. The average parcel value is currently \$188,497 and properties are currently selling for between \$400,000 and \$500,000. As such, the assessed value is currently well below the market value of the properties. The City of Riverside Finance Department estimates that the assessment value of the annexation area’s parcels could grow by an annual rate of 8-12% for the next 5 years due to the “catch up” of significant market gains over the past 5 years through annual adjustments and property turnover. Property turnover in the Riverside area is historically approximately 10%.

Table 4 – Property Tax Revenues

Number of Non-Exempt Parcels	Total Property Assessed Value	City Share of 1% Property Tax	Property Tax Revenue
194	\$36,568,527.00	.122434	\$44,772.31

Parcels owned by public agencies do not pay property taxes.

## Property Transfer Taxes

The City of Riverside receives a portion of the fee charged when a property's title is transferred from one owner to another, the Property Transfer Tax. This fee is \$1.10 per \$1,000 of transferred value. For the purposes of this study, the Finance Department estimates that approximately 10% of the properties in a given area change hands in a given year. As such, the Property Transfer Tax will be computed based upon 10% of the total assessed value changing hands in a given year.

Table 5 – Property Transfer Tax Revenues

<b>Tax Rate Per \$1000 of Value</b>	<b>% of Property Transferred</b>	<b>Property Tax Transfer Revenue*</b>
\$1.10	10%	\$4,022.54

\*Based upon a valuation of \$36,568,527.00

## Utility User Taxes

The Utility User Tax (UUT) is a City of Riverside tax of 6.5% on utility services received in the City of Riverside. This includes electricity, water, gas, cable, trash, sewer, and telephone. UUT does not apply to Internet service, propane gas, or cell phones. UUT revenue is placed in the City General Fund. Currently, no residents in the University City annexation area receive sewer service. The estimated monthly water bill is based upon City resident rates and does not reflect the 50% surcharge that non-City residents currently are charged.

Table 6 – UUT Revenues

	<b>Monthly Bill</b>	<b>Monthly UUT Per Home</b>	<b>% of Users</b>	<b>UUT Revenue*</b>
Electricity	\$100.00	\$6.50	100%	\$13,338.00
Water	\$31.62	\$2.06	100%	\$4,227.12
Gas	\$18.00	\$1.17	100%	\$2,400.84
Telephone	\$50.00	\$3.25	100%	\$6,669.00
Cable	\$50.00	\$3.25	70%	\$4,668.30
Trash	\$19.50	\$1.27	100%	\$2,600.91
Total	\$269.12	\$17.50		\$33,904.17

\* Based upon a total of 171 users

## Voter Approved Bonds and Assessments

Voters in the City of Riverside have approved two measures to finance the construction of Library and Fire Facilities and throughout the City. The City also has a street light assessment to fund parcel owners' pro-rated share of the cost to power and maintain streetlights in the public right of way throughout the City.

The Library Facility Fee is a per parcel fee of \$19.00, will expire in 2012. The Fire Facilities bond is based upon the assessed value of property (up to \$12.00 authorized per \$100,000 of value, currently at \$9.00). The Fire Facilities bond is scheduled to expire in 2021. The streetlight assessment is \$31.44 per non-rural residential property. It should be noted that the Library and Fire Facility income will not provide for additional facilities, however it will reduce the financial obligation of current City residents through either lower assessments or an earlier payoff. Parcels owned by government agencies are not subject to these assessments.

Table 7 – Bond and Assessment Annual Revenues

	Annual Assessment	Annual Revenue
Fire Facilities	\$9.00 per 100k	\$3,291.17^
Library Facilities	\$19.00	\$3,686.00*
Streetlight Assessment	\$31.44	\$6,099.36*
Total		\$13,076.53

^ Based upon a valuation of \$36,568,527.00

\* Based upon a total of 194 non-exempt parcels

## Franchise Fees

Several service providers, as part of an agreement of exclusivity with the City of Riverside, pay a portion of their generated revenue as a franchise fee. Franchise fees are generated, per City Code, by cable, trash, and natural gas service. The City would also be entitled to franchise fees from Southern California Edison for electric service (2% of gross revenue) prior to the transfer of service from SCE to Riverside Public Utilities. Because the Edison revenue would be temporary, it has been excluded from this analysis. The County charges franchise fees as well, and the revenue generated *would not result in higher fees* to the residents for these services.

Table 8 – Franchise Fees

	Average Monthly Bill	Franchise Fee	Monthly Fee per User	% of Home Users	Franchise Revenue*
Trash	\$19.50	15%	\$2.93	100%	\$6,002.10
Gas	\$20.00	5%	\$1.00	100%	\$2,052.00
Cable	\$50.00	5%	\$2.50	70%	\$3,591.00
Total	\$88.00		\$6.20		\$11,645.10

\* Based upon a total of 171 users

## Business License/Tax

All businesses operating in the City of Riverside are required to pay an annual business tax. The formula for calculating the business tax varies upon the type of business and is based upon factors such as number of employees or sales volume. The annexation boundaries are entirely residential. The only businesses in the annexation area would be an unidentified number of home-based businesses. For the purposes of this study, it will be conservatively assumed that the City of Riverside will receive no business tax revenue.

Table 9 – Business Tax/License Revenues

	Number of Businesses	Annual Revenue*
Tax	0	\$0.00

## Sales Taxes

Sales tax revenue will be generated by the City of Riverside regardless of annexation, due to the absence of commercial/retail uses in the annexation area and the proximity to commercial centers within the City limits. While it can be argued that this data should not be included in the financial analysis of this annexation because it is largely a captive market, ***City services are provided to current City residents under the budgetary assumption that a level of sales tax generation will help offset a portion of the cost to provide municipal services.*** The City of Riverside Development Department estimates that the City's share of sales tax (1% of sales) per capita is currently \$152.00 per year and increases by approximately \$2.00 per year.

Table 10 – Annual Sales Tax Generation

Sales Tax per Capita	Estimated Number of Residents	Annual Revenue
\$152.00	534	\$81,168.00

## Revenue from the State and Other Revenue

There are several population based transportation revenues that the City of Riverside would receive as a result of an increase in residents. Portions of two gas taxes (Section 2105 and 2107) are distributed to cities as well as a proportion of the countywide sales tax to benefit transportation (Measure A). In addition, the City receives a portion of the Vehicle License Fees (VLF) generated through the registration of automobiles. Finally, traffic fine revenue is a generally accepted component in annexation and incorporation studies to consider additional traffic patrol area and population.

Table 11 – Other Revenues

	Annual Revenue per Person	Initial Revenue*
State Gas Tax A	\$6.28	\$3,353.52
State Gas Tax B	\$8.11	\$4,330.74
County Measure A	\$9.51	\$5,078.34
VLF Revenue	\$15.15	\$8,090.10
Traffic Fines	\$1.35	\$720.90
Total	\$40.40	\$21,573.60

\* Based upon a total of 534 residents.



## Riverside Public Utility General Fund Transfer (GFT)

Much like a portion of the revenue generated by Southern California Edison are returned to stockholders in the form of dividends, a portion of the revenue generated by Riverside Public Utilities (RPU) is transferred to the City General Fund for discretionary spending throughout the City. From 2002-2004, this amount was 9% of gross revenue. The time frame for RPU to take over existing Edison customers varies. However the transition is expected to be complete within 12-24 months of annexation. ***This will have no impact on electric rates for residents.***

Table 12 – Riverside Public Utilities Electricity GFT

	Monthly Electric Bill	GFT Rate	GFT Revenue*
GFT	\$100.00	9%	\$18,468.00

\* Based upon a total of 171users

## City Development Fees

New home construction is subject to a number of building, infrastructure, and development impact fees. These fees are one-time only. The fee total is not significantly dissimilar to the fees charged by the County, thereby having little impact on the “pass through” cost to new homebuyers. Regional fees such as TUMF, School District, and MSHCP are fees whose application is unrelated to annexation, would not change as a result of annexation, and would not result in additional funds to be used directly by the City - have not been included. ***Because University City is significantly built out, no development fees will be anticipated.***

## Revenue Summary

Table 13 –Revenue Summary

	Annual Revenue
Property Taxes	\$44,772.31
Property Transfer Tax	\$4,022.54
UUT	\$33,904.17
Bonds/Assessments	\$13,076.53
Franchise Fees	\$11,645.10
Business License/Tax	\$0.00
Sales Taxes	\$81,168.00
State & Other Revenues	\$21,573.60
G.F.T.	\$18,468.00
Total	\$228,630.25

## **ANNUAL COSTS TO PROVIDE SERVICES**

### **Fire**

The City of Riverside Fire Department reports that this area, upon annexation, would be served by the new Canyon Crest Fire Station #14, to be located on 19595 Central Avenue, west of Daffodil Drive. Construction of this station will coincide closely with the anticipated time frame of this annexation. The station would be home to an engine company composed of a staff of twelve. This would include a Captain, Engineer, Firefighter, and firefighter/paramedic on three platoons. The station is within Riverside Fire's required 1.5 mile and 5 minute response service area (2 minutes for call/dispatch and 2 minutes per mile of travel).

Because the new station will open and operate with or without of the success of this annexation and is already planned for staffing and equipment, ***there is no actual additional cost to the City associated with this annexation.*** However, to calculate the proportional cost of the fire station that would be attributable to this annexation, it has been determined that Annexation 107 would comprise of 2.34% of the station's service area.

Table 14 – Fire Staffing Costs

	<b>Salary</b>	<b>Benefits</b>	<b>Number</b>	<b>Total</b>
Firefighter	\$61,920	\$15,480	3	\$232,200.00
Firefighter/ Paramedic	\$73,332	\$18,333	3	\$274,995.00
Engineer	\$73,332	\$18,333	3	\$274,995.00
Captain	\$98,724	\$24,681	3	\$370,215.00
Vacation/Sick/Overtime Staffing (15%)	Incl.	Incl.	N/A	\$172,860.75
Equipment				\$50,000
Total				\$1,375,266.75

Table 15 – Fire Station Operating Costs

	<b>Staffing Needs</b>	<b>Station Staffing Cost</b>	<b>Service Area of Annexation</b>	<b>Fire Cost of Annexation</b>
Canyon Crest Station	12	\$1,375,266.75	2.34%	\$32,181.24

## Police

The City of Riverside Police Department has determined the following staffing needs generated by the proposed annexation. Sworn officers are staffed at a targeted level of one officer per 666.6 residents. Civilian employees that provide support to the sworn officers are staffed at a targeted level of one per 1,500 residents. As such, it is estimated that the proposed annexation will require the creation of .8 additional sworn and .36 additional civilian positions in the department.

Table 16 – Police Costs

	Salary	Benefits	Vehicle	Total
Sworn Police Officer	\$75,000	\$25,000	\$10,000	\$110,000
Non - Sworn Civilian	\$45,000	\$15,000	0	\$60,000

Table 17 – Police Staffing Costs

	Staffing Needs	Staffing Costs*
Sworn Officers	1/666 residents	\$88,000.00
Civilian Positions	1/1500 residents	\$21,600.00
Total		\$109,600.00

\* Based upon a total of 534 residents.

## Library

Library sites are identified, much like fire stations, on a basis of population served and proximity to existing facilities. Because of the relatively small size and population of this annexation, the need for an additional facility will not be likely. Further, facilities will be discussed in the capital cost section of this report. From an ongoing cost standpoint, the City Library Department has determined that current City residents receive approximately \$26.00 of library services per year. Using this figure, the incremental cost to provide library services to the newly annexed residents is as follows:

Table 18 – Ongoing Library Service Costs

	Services Per Capita	Library Costs*
Cost of Library Services	\$26.00	\$13,884.00

\* Based upon a total of 534 residents.

## Code Compliance

The Community Development Department estimates that the proposed annexation would not require the hiring of any additional code compliance officers to specifically serve the area.

## Parks & Recreation

Although the annexation boundaries are within the service areas of both Sycamore Highlands Park and Sycamore Canyon Park, the City of Riverside General Plan calls for three acres of park land per 1,000 residents. The annexation will add approximately 534 new residents to the City, resulting in a need for an additional 1.6 acres of local and community parkland. While the capital need for parkland will be discussed in the capital cost portion of this report, ongoing maintenance costs for parkland throughout the City is approximately \$500.00 per acre, per month. This cost will not be attributed to any particular park or parks.

The City also makes available City street trees and assumes the ongoing maintenance of those that are planted. Annual maintenance per tree is approximately \$35.00. In this annexation case however, the neighborhood is over forty years old, significantly built out, with mature landscaping throughout the neighborhood. Although street trees will be available to the residents, it is not expected that they will be requested by the residents in quantities of any significance.

Table 19 – Park Maintenance

Acres of Parks per 1000 People	Estimated Population of Area	Additional Park Need (in acres)	Annual Maint. Cost Per Acre	Total
3	534	1.6	\$6,000.00	\$9,600.00

## Road Maintenance/Street Sweeping

The City would be assuming approximately 2.84 miles of additional roads requiring maintenance and sweeping. In an assessment of the roads in the annexation area, the Public Works Department has determined that approximately 6,300 feet of road will require resurfacing within 1-2 years and the remaining 8,700 feet of roadway would likely need resurfacing in 5-6 years. Public Works spends approximately \$4,228.00 per mile to maintain streets throughout the City.

Table 20 – Public Works Costs

	Cost Per Mile	Maintenance Costs*
Street Maintenance	\$4,228.00	\$12,007.52

\* Based upon a total of 2.84 miles of roadway.

## Management/Overhead

By taking on additional residents and territory, the City of Riverside will also encumber additional “hidden” costs associated with this annexation. Generally referred to as overhead, these costs include management, general staffing, and other Citywide programs and functions. In a recent study of the City’s functions, economist John Husing identified the variable cost of providing these services to an increment of residents at an additional 6.5%. This amount is reflected in Table 23 as a function of the total identified costs. Electricity exit fees and unrealized water revenue were not included in the calculation of this cost.

## Electricity Exit Fees

As a result of the power crisis earlier this decade, the Department of Water Resources entered into long term power contracts to secure electricity on behalf of customers of the publicly traded power companies (Edison, PG&E, SDG&E). As the power crisis waned, rates receded to a point lower than the rates agreed to by DWR. This commitment however, remains with all Edison customers, even if annexed to a City with its own electric utility. This obligation is assessed as an additional charge for subsequent power usage. It is known as an exit fee. Beginning January 1, 2008 (the earliest that RPU would likely assume the provision of electrical service), the exit fee is anticipated to be no higher than approximately \$.01428/kwh. In fact, preliminary discussions with Edison to date have indicated that this rate could be approximately 1/3 lower. However, for the purposes of this study, the higher fee will be used to prevent any overstating of potential income or understating any potential cost.

Established City Council policy has been to absorb the exit fee. As such, this will be included in the anticipated costs of the annexation. New power customers would not be subject to the exit fee. Currently, City of Riverside residential electric rates are \$.1311/kwh. As such, assuming the proposed exit fee would impact approximately 10.9% of the electric revenue. This surcharge is expected to cease by approximately 2022. As growth continues occurs throughout the state, *it is anticipated that this rate could decline*, as a greater number of investor owned utility customers will be assuming a prorated share of the burden.

Table 21 – DWR Exit Fee

	Monthly Electric Bill	Exit Fee % of Rate	Annual “Exit Fee”*
Exit Fee	\$100.00	10.9%	\$22,366.80

\* Based upon a total of 171 users

## Unrealized Water Revenue

As mentioned earlier in this report, Riverside Public Utilities' water customers not within City Limits are charged a 50% non-resident surcharge on their water bill. Riverside Public Utilities currently provides water service to the entire annexation area. Following the annexation of the University City area, the residents will no longer pay the higher water rate. Although not an actual "cost" to the City, this savings by the residents will result in a reduction of revenue for Riverside Public Utilities.

Table 22 – Unrealized Water Revenue

<b>Current Average Monthly Bill</b>	<b>Monthly Bill After Annexation</b>	<b>Unrealized Monthly Revenue</b>	<b>Number of Customers</b>	<b>Annual Unrealized Revenue</b>
\$47.43	\$31.62	\$15.81	171	\$32,442.12

## Cost Summary

Table 23 –Cost Summary

	<b>Annual Cost</b>
Fire Service	\$32,181.24
Police Services	\$109,600.00
Code Compliance	\$0.00
Library Services	\$13,884.00
Parks and Recreation	\$9,600.00
Road Maintenance	\$12,007.52
Overhead (6.5%)	\$11,522.73
Electricity Exit Fee	\$26,840.16
Unrealized Water Revenue	\$32,442.12
<b>Total</b>	<b>\$243,604.41</b>

## **CAPITAL/START UP COSTS**

### **Electricity**

Following annexation, discussions commence between Riverside Public Utilities and Southern California Edison to determine a price to transfer ownership of the transmission lines and infrastructure from one agency to another. This includes a negotiated appraisal and ultimate condemnation of the facilities. This process takes between 12 and 24 months.

Riverside Public Utilities estimates that the current cost to acquire all facilities and extend service to the annexation area to be \$501,000. Of this, approximately \$479,000 is for condemnation/severance costs and \$22,000 for extension of service lines. When switched to RPU service, the capital cost could be completely offset through the Transmission & Distribution (T&D) portion of the electric fee structure, which currently stands at 17% of a customer's electric rate. Using this method alone, payback time would be 25.9 years.

Table 24 –Electricity Capital Cost

Initial Capital Costs	\$501,000.00
T & D Per Year *	\$34,884.00
Payoff Time from Conversion *	25.9 Years

\* Based upon a total of 171 users      \*\*Assumes financing costs of 5%

### **Trash Cans**

Trash service for this area is currently under County of Riverside contract with Waste Management Inc. Under state law, upon annexation, the contract remains in effect for the life of the contract or five years, whichever is less. At that time, the City assumes the responsibility for providing service. Although City trash fees are in place to offset costs, the initial cost of providing the three trash bins (general waste, green waste, and recyclables) is borne by the City.

City staff is currently researching the length of time remaining on Waste Management's contract with the County for this area. This will impact the timing of this expense. At \$44.00 per can, the cost to provide the three trash cans to each residence is currently \$132.00.

Table 25 – Trash Cans

	Cost of 3 Cans	Initial Cost*
Trash Cans	\$132.00	\$22,572.00

\* Based upon a total of 171 users

## Fire

This area will be served by the new Canyon Crest Station to be built on Central Avenue with support from the Sycamore Canyon Station. The capital costs to build and equip these stations have already been allocated.

## Parks

Although the University City neighborhood is very well served by City of Riverside parks (Sycamore Highlands Park, Sycamore Canyon Park), the City of Riverside General Plan calls for three acres of developed park land per 1,000 residents. The annexation will add approximately 534 new residents to the City, resulting in a need for an additional 1.602 acres of local and community parkland. The Parks and Recreation Department estimates that to purchase and develop an acre of parkland is approximately \$800,000 per acre.

Table 26 – Park Land Needs

Acres Per 1000 Residents	Number of New Residents	Approx. Cost Per Acre	Park Costs*
3	534	\$800,000.00	\$1,281,600.00

## Library

Library sites are identified, like fire stations, on a basis of population served and proximity to a branch facility. Because of the relative size and population at build out of this annexation, an additional facility will be not be likely. The closest City libraries (Eastside Cybrary, Riverside Main) are much closer and open for more hours than the closest County library branches. The City General Plan (ED 5.1.3) calls for .7 square feet of library per person served to have sufficient space for storage of books and for provision of a full range of services. The Library Department uses a standard per capita figure for the construction and furnishing of a library. At \$225.00 per square foot (per Library estimates), the capital cost per person would be \$157.50. Furthermore the General Plan (ED 5.15) calls for two volumes per person served. The Library Department estimates at \$49.00 per volume, the per person need would be \$98.00. There is no funding source identified for this capital need at this time.

Table 27 – Library Capital Costs

	Per Capita	Initial Costs*
Facility Need	\$157.50	\$84,105.00
Books	\$98.00	\$52,332.00
Total	\$255.50	\$136,437.00

\* Based upon a total of 534 residents.



## **Financial Impacts to Current Residents**

There are several savings that would be enjoyed by the residents of University City that would offset or even provide a savings upon annexation to the City of Riverside.

1. Water surcharge – As mentioned earlier, non-City residents that receive water service from Riverside Public Utilities pay a 50% surcharge on their water bill. Upon annexation, this surcharge would be eliminated.
2. Riverside Public Utility Electric Service – Upon switching from Edison to Riverside Public Utilities, residents would save between 17% and 74% (depending on usage) on their electric bill following Edison's rate increases of 2006.

Table 28 –RPU Electricity Savings

<b>Monthly Usage</b>	<b>2006 Monthly Edison Rate</b>	<b>Monthly RPU rate for same usage</b>	<b>% Higher than Riverside</b>	<b>RPU Monthly Savings</b>	<b>RPU Annual Savings</b>
250 kWh	\$30.86	\$26.29	17.38%	\$4.57	\$54.84
1000 kWh	\$189.51	\$127.42	48.73%	\$62.09	\$745.08
1500 kWh	\$340.32	\$194.83	74.68%	\$145.49	\$1,745.88

Rate comparison as of 6/1/2006

3. Fire Property Protection Classification (PPC rating) – Fire departments are judged and rated by the Insurance Services Office (ISO) on their fire protection abilities (equipment, water supply, training, etc.). Many insurance companies use this rating to set their fire insurance premiums. The rating is on a scale of one to ten with one being best. The City of Riverside is rated ISO Class 2, while Riverside County is rated ISO Class 4. In addition, with the opening of the new Station 13 (Sycamore Canyon) and Station 14 (Canyon Crest), the two closest City stations would be closer than the County station that would continue to serve University City residents if the annexation were not to occur. By joining the City, residents could save between \$70 and \$100 per year on their fire insurance.

The following table provides a cost and savings analysis to an average University City resident following annexation. The UUT expense, as well as the water and electric savings are based on the typical bills depicted in the revenue portion of this report. Because fire insurance savings will vary (some carriers do not use ISO PPC in their rate calculations), for the purposes of this analysis, it will not be considered.

Table 29 –Annual Resident Cost/Savings Analysis

	New Fees and Expenses	Cost Savings
UUT	\$210.00	-
Library Bond	\$19.00	-
Fire Bond	\$16.96	-
Street Light Assessment	\$31.44	-
50% Water Surcharge	-	\$189.72
Fire Premium	-	Unknown
Electricity Rates	-	\$208.56
Total Costs/Savings	\$277.40	\$398.28
<b>Annual Net Savings</b>		<b>\$120.88</b>